

DEC 20 1962

Sanitized - Approved For Release : CIA

CPYRIGHT

FOIAb3b

CPYRIGHT

Food, Drugs, Go South In Move to Free Cubans

Industry and Labor Donate Goods, Transportation; IRS Gives Firms Fast Rulings on Tax Deductions

Freight cars and trucks loaded with drugs, medicine and baby food headed for Florida with the hope the ransom of 1,113 Cuban prisoners by Premier Castro would finally go through.

U.S. industry and labor said they were donating the transportation and bulk of the material that would be exchanged for the men captured in last year's Cuban invasion attempt.

The 15 member companies of the Committee of American Steamship Lines announced that Farrell Lines, Inc.'s 10,000-ton SS African Pilot would be available for loading from this morning until late tomorrow or Saturday morning at Port Everglades, Fla. The 15 line would share operating costs.

The American Red Cross is handling details.

Some 26 railroads, according to the Association of American Railroads, are providing 80 freight cars and motive power for them. The association said 70% of the tonnage was mov-

ing by rail. Several airlines also said they were helping move supplies.

In Boston Kendall Co. said yesterday that five trailer truckloads of 4,000 cases of surgical dressings, sutures, bandages and adhesive tape were on their way.

The AFL-CIO American Trade Unionism announced it would contribute a \$100,000 of labor in the proposed delivery.

Earlier this week drug industry sources estimated \$53 million in drugs, medical supplies and baby food could be involved in the ransom. Some 30 to 35 drug companies were said to be contributing to under the impetus of Government cooperation.

A key factor was understood to be that ransom material could be considered a charitable contribution providing deductions for tax purposes.

In Washington yesterday, Internal Revenue Commissioner Caplin moved to dispell any ideas that these tax deductions were special or extraordinary.

Mr. Caplin said the Internal Revenue Service had issued fast rulings to some companies explaining the tax treatment of contributions of drugs and food donated to the Cuban prisoner release project. The IRS often takes several months to write private tax rulings, but Mr. Caplin said donors' queries about food and

drug contributions had been expedited on humanitarian grounds.

He stressed the IRS rulings "in no other respect were out of the ordinary." Gifts of merchandise to charitable, religious or educational institutions have long been deductible under present tax law. The tax deductibility of such gifts often offsets part or all the actual cost of the manufactures in making the merchandise.

The IRS requires, however, that donors don't overstate the market value of gifts taken from inventory. The agency's rules specify the goods must be valued at the lowest price at which they are regularly sold to the donor's usual customers.